They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.*

N. MADHAVA RAU (*Chairman*).
BELUR SRINIVASAIENGAR.
MAHOMED ABBAS KHAN.
D. V. GUNDAPPA.
S. SHAMANNA.
S. ABDUL WAJID.
M. VENKATANARANAPPA.
MIRLE N. LAKSHMINARANAPPA.

Mr. R. C. Morris was unable to be present at the meeting.

*(Amended Bill printed as an annexure at the end.)

NOTIFICATION.

No. 3779—L. C., Bangalore, dated 24th May 1938.

Under Standing Order No. 49 of the standing orders for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Bill to consolidate and amend the Law relating to Trading Compaines and other Associations is published for general information.

By Order,
A. SUNDARARAJA RAO,
Secretary,
Mysore Legislative Council.

Report of the Select Committee on the Companies Bill.

We, the members of the Select Committee appointed to consider the Companies Bill met on four days and considered the several clauses of the Bill and have now the honour to submit this our report :—

Clause 11.—In clause (a) of sub-clause (3) of this clause, the word " Mysore " may be omitted as no objection need be taken to the use of that word and it is not likely to indicate any association with the Government.

Clause 17.—In the first proviso to sub-clause (2) of this clause for the word and figures "regulation 78" the words and figures "regulations 78, 79, 80, 81 and 82" may be substituted, as all these regulations will have to be excluded from the articles of a private company.

Clause 86-B.—The following provisos may be added as in the British Indian Act:—

> "Provided that the exercise by a Director of a power to appoint an alternate or substitute director to act for him during an absence of not less than three months from the district in which meetings of the directors are ordinarily held, if done with the approval of the Board of Directors, shall not be deemed to be an assignment of office within the meaning of this section:
>
> "Provided always that any such alternate or substitute director shall *ipso facto* vacate office if and when the appointer returns to the district in which meetings of the directors are ordinarily held."

The provisos make it clear that temporary appointments of alternate or substitute directors do not constitute assignment of office when made with the approval of the board of directors and that the substitute can act only during the absence of the appointer.

Clause 87-A.—We consider that it would be enough to have in Mysore ten years as the maximum term of office of a Managing Agent at a time. We recommend that the word "ten" may be substituted for "twenty" wherever it occurs in this clause.

Clause 87-C.—In fixing the remuneration of a Managing Agent, expenses connected with his office would have been taken into consideration. We consider that no provision for office allowance in addition is called for. We therefore, recommend that the words "together with an office allowance" in sub-clause (1) of this clause may be omitted.

Clause 105-C.—Under clause 50 (2) increase of share capital can be effected only by a resolution at a general meeting. Where the Company had already authorised the increase of the share capital, the manner of disposal of these further shares is governed by clause 105-C and the procedure laid down therein is to be followed only

when no other instructions to the contrary have been given by the Company in a general meeting. In order to make this clear, the clause has to be amended as follows:—

For the words "Where the directors decide to increase the capital of the company by the issue of further shares, such shares" in this clause, the following words shall be substituted, namely,

> "Where it is decided to increase the capital of the company by the issue of further shares, such shares shall be disposed of in accordance with the directions of the company in a general meeting or in the absence of any such directions they"

We further recommend that the following explanation may be added to this clause:—

"*Explanation.*—For the purpose of this section capital shall include authorised capital not previously offered for subscription."

Clause 130.—As the clause stands at present, banks having branches and keeping books of account in those branches will find it difficult to comply with the requirements of the clause. It is therefore proposed to amend it as follows:—

> "In clause 130, sub-clause (3) shall be renumbered as sub-clause (4) and the following shall be inserted as sub-clause (3), namely:—
>
> "Where a company has a branch office, the company shall be deemed to have complied with the provisions of sub-section (1) and sub-section (2) if proper books of account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to date at intervals of not more than two months, are sent by the branch office to the registered office of the company or other place referred to in sub-section (2)."

Clause 136.—As a separate Act is to be enacted for insurance companies and provident insurance societies this section will have to be excluded from its application to such companies. We accordingly recommend that after

sub-clause (4), the following shall be inserted as sub-clause (5), namely :—

"(5) This section shall not apply to a Life Insurance Company or provident insurance society to which the provisions of the Mysore Insurance Act, 1938, as to the annual statements to be made by such company or society, apply with or without modifications, if the company or society complies with those provisions."

Clauses 277-D and 277-E.—With a view to overcome the difficulty in applying sections 109 to 125, to non-Mysore Companies which have no registered office in Mysore, the principal place of business in Mysore will have to take the place of the registered office of the Company and a proviso is added to clause 277-D so as to cover charges created outside Mysore.

Clause 287.—As a separate Insurance Act is being enacted we propose that the following new clause be inserted :—

"287. Nothing in this Act shall effect the provisions of the Insurance Act, 1938."

We have made some other amendments of a verbal nature with a view to correct certain errors and supply certain obvious omissions.

As the bill has not been changed in many material particulars, it need not be re-published.

N. MADHAVA RAU (*Chairman*).
K. R. SREENIVASA IYENGAR.
C. HAYAVADANA RAO.
S. ABDUL WAJID.
M. VENKATANARANAPPA.
MIRLE N. LAKSHMINARANAPPA.
P. SUBBARAMA CHETTY.
J. MAHAMED IMAM.
M. S. RAMCHENDRA RAO.